

**SIOUX COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Other Supplemental Information
Schedule of Findings
June 30, 2014**

SIOUX COUNTY, IOWA

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SIOUX COUNTY, IOWA

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SIOUX COUNTY, IOWA

County Officials

| Name | Title | Term Expires |
|----------------------|----------------------|---------------|
| Mark Sybesma | Board of Supervisors | January, 2017 |
| Al Bloemendaal | Board of Supervisors | January, 2017 |
| Dennis Wright | Board of Supervisors | January, 2015 |
| Arlyn Kleinwolterink | Board of Supervisors | January, 2015 |
| John Degen | Board of Supervisors | January, 2017 |
| Lois Huitink | County Auditor | January, 2017 |
| Randall Jacobsma | County Treasurer | January, 2015 |
| Anita Van Bruggen | County Recorder | January, 2015 |
| Dan Altena | County Sheriff | January, 2017 |
| Coleman McAllister | County Attorney | January, 2015 |
| Ross Simmelink | County Assessor | January, 2016 |

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Sioux County, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sioux County, Iowa (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sioux County, Iowa as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 7 through 14 and 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included on pages 48 through 63, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information on pages 48 through 63 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 48 through 63 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2015, on our consideration of Sioux County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sioux County's internal control over financial reporting and compliance.

William & Mary P.C.
Certified Public Accountants

Le Mars, Iowa
February 16, 2015

SIoux COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2014. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

2014 FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of FY14 by \$67,646,763 (net position). Of this amount, \$2,473,117 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
 - Sioux County's total net position increased by \$3,240,541 from FY13.
 - As of the close of FY14, Sioux County governmental funds reported combined ending fund balances of \$19,027,002, an increase of \$1,015,514 in comparison with the prior year.
 - At the end of FY14, unassigned fund balance for the general fund was \$1,294,788, or 17.3% of total general fund expenditures.
-

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of Sioux County's budget for the year, as well as presenting a schedule of funding progress for retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and individual Agency Funds.

REPORTING THE COUNTY AS A WHOLE

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **Statement of Net Position** presents all of the County's assets, liabilities and deferred inflows of resources with the difference being reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the

Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) Capital Projects Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the County Assessor to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Sioux County's net position for FY14 totaled \$67,646,763. This compares to FY13 at \$64,406,222. The analysis that follows focuses on the components of net position for the governmental activities.

Net Position of Governmental Activities

| | 2014 | 2013 |
|--|----------------------|----------------------|
| Current and other assets | \$ 30,372,337 | \$ 28,804,992 |
| Capital assets | 59,504,324 | 57,337,508 |
| Total Assets | <u>89,876,661</u> | <u>86,142,500</u> |
| Long-term liabilities outstanding | 10,988,541 | 10,959,265 |
| Other liabilities | 1,638,100 | 2,029,978 |
| Total liabilities | <u>12,626,641</u> | <u>12,989,243</u> |
| Deferred inflows of resources: | | |
| Unavailable revenue – Subsequent year property taxes | 9,603,257 | 8,747,035 |
| Total deferred inflows of resources | <u>9,603,257</u> | <u>8,747,035</u> |
| Net Position: | | |
| Net Investment in capital assets | 51,970,790 | 49,889,270 |
| Restricted | 13,050,259 | 12,166,095 |
| Unrestricted | 2,625,714 | 2,350,857 |
| Total net position | <u>\$ 67,646,763</u> | <u>\$ 64,406,222</u> |

The County's net position increased \$3,240,541 during the current year. The largest portion of the County's net position is the County's net investment in capital assets (e.g. land, infrastructure, intangibles, buildings and equipment), less the accumulated depreciation and related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation as to how they can be used.

Unrestricted Net Position – The part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$2,350,857 at June 30, 2013 to \$2,625,714 at the end of this year, an increase of 11.7%.

The increase of \$122,260 in unrestricted net position was attributable in part due to the increase in revenues while expenses remained fairly consistent with FY13.

Restricted Net Position – The portion of net position subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used – increased from \$12,166,095 at June 30, 2013 to \$13,050,259 at the end of this year, an increase of 7.3%.

Governmental Activities – Governmental activities increased the County's net position by \$3,240,541. Key elements of this increase are as follows:

Changes in Net Position of Governmental Activities

| | 2014 | 2013 |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for service and sales | \$ 2,168,975 | \$ 2,027,220 |
| Operating grants and contributions | 5,719,386 | 5,003,748 |
| Capital grants and contributions | 2,102,880 | 3,006,482 |
| General revenues: | | |
| State Tax Credits | 431,715 | 367,275 |
| Local Option Sales Tax | 1,352,294 | 1,417,051 |
| Property tax | 8,472,469 | 8,241,873 |
| Interest and penalties on taxes | 70,015 | 70,567 |
| Unrestricted investment earnings | 91,257 | 135,052 |
| Gain on sale of assets | 23,473 | - |
| Miscellaneous | 161,140 | 165,279 |
| Total revenues | 20,593,604 | 20,434,547 |
| Program expenses: | | |
| Public safety and legal services | 4,228,782 | 4,027,234 |
| Physical health and social services | 576,379 | 647,509 |
| Mental health | 899,854 | 938,319 |
| County environment and education | 594,321 | 1,141,037 |
| Roads and transportation | 7,877,579 | 7,372,350 |
| Government services to residents | 876,293 | 863,828 |
| Administration or general government | 1,911,264 | 1,743,400 |
| Non-Program Services | 37,156 | 28,603 |
| Interest on long-term debt | 351,535 | 374,343 |
| Total expenses | 17,353,063 | 17,136,623 |
| Increase in net position | 3,240,541 | 3,297,924 |
| Net position beginning of year | 64,406,222 | 61,288,608 |
| Prior period adjustment | - | (180,310) |
| Net position beginning of year, as restated | 64,406,222 | 61,108,298 |
| Net position end of year | \$ 67,646,763 | \$ 64,406,222 |

- Operating grants and contributions increased due to an increase in road use taxes received during the fiscal year.
- County environment and education expenses decreased due to an increase in capital projects for new infrastructure. These project expenses were capitalized in the current year.
- Capital grants and contributions decreased in FY14 due to a reduction in the number of projects expenses which were paid for through state funding.

BUDGETARY HIGHLIGHTS

Over the course of the year, Sioux County amended its budget one time. The amendment was made June 10, 2014, and resulted in the use of reserves by \$150,000. The main purpose of the amendment was to adjust for additional spending in the county government and education and capital project functions.

The County's total receipts on a cash basis for FY14 were \$20,908,331. The County budgeted \$18,298,096 as projected revenues, for a difference of only \$2,610,235, a variance of 14.3%.

Total cash disbursements in FY14 were \$19,799,109 with the budgeted disbursements projected to be \$20,804,908, which was \$1,005,799 less than the amended budget.

INDIVIDUAL MAJOR FUND ANALYSIS

As Sioux County completed the year, its governmental funds reported a combined fund balance of \$19,027,002.

The General Fund, as the operating fund of Sioux County, ended FY14 with a balance of \$1,691,243. The General Fund ending fund balance in FY13 was \$1,699,907. This represents a decrease of \$8,664.

The Rural Services Fund ended FY14 with a balance of \$3,752,017. The ending fund balance for FY13 was \$3,984,193. This represents a decrease of \$232,176. Management's intent was to reduce this fund balance in FY14.

The Secondary Road Fund ended FY14 with a balance of \$8,002,642. The ending fund balance for FY13 was \$7,667,348. This represents an increase of \$335,294. The county is increasing this Fund's balance to save for upcoming road projects.

The Urban Renewal District #1 Fund ended FY14 with a deficit fund balance of \$991,330. The ending fund balance for FY13 was a deficit balance of \$1,055,437. This represents an increase of \$64,107.

The Debt Service Fund ended FY14 with a balance of \$3,598,708. The ending fund balance for FY13 was \$3,651,053.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY14, Sioux County had \$59,504,324 invested in capital assets, net of accumulated depreciation compared to \$57,337,508 at the end of FY13.

Capital Assets of Governmental Activities at Year End

| | 2014 | 2013 |
|----------------------------|-----------------------|----------------------|
| Land | \$ 4,193,453 | \$ 3,885,349 |
| Buildings and improvements | 10,884,984 | 10,435,811 |
| Equipment | 13,540,495 | 13,416,151 |
| Infrastructure | 70,432,863 | 65,851,920 |
| Construction in Progress | 1,876,452 | 2,983,967 |
| Totals | <u>\$ 100,928,247</u> | <u>\$ 96,573,198</u> |

The County had depreciation expense of \$3,558,448 for the year and total accumulated depreciation of \$41,423,923 at June 30, 2014. Additional information on the County's capital assets can be found in Note 6 of the financial statements.

Debt

Sioux County is assigned an **Aa2** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY14 Sioux County had bonded indebtedness of \$10,510,000. The bonded indebtedness at the end of FY13 was \$11,105,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and the Urban Renewal Road Project which continues to decrease as scheduled principal payments are made. Additional information on the County's long term debt can be found in Note 7 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Sioux County's elected and appointed officials and citizens considered many factors when setting the FY15 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY15.

The General Fund ended FY14 with \$8,664 less than the FY13 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.) Many factors were taken into account when adopting the budget for FY15. Amounts appropriated in the General Fund are approximately \$8,685,515. Amounts

appropriated in Special Revenue Funds are approximately \$11,754,848. Debt Service appropriations are \$889,239

If these estimates are realized in FY15, Sioux County's General Fund balance is expected to remain similar to the balance at FY14 year end. The Rural Fund balance is expected to drop slightly from FY14 year end.

CONTACTING THE COUNTY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Lois Huitink
Sioux County Auditor
210 Central Avenue SW
Orange City, Iowa 51041
(712) 737-2216**

SIOUX COUNTY BOARD OF SUPERVISORS:

Mark Sybesma John Degen Dennis Wright Arlyn Kleinwolterink Al Bloemendaal

SIOUX COUNTY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and Pooled Investments | \$ 12,725,704 |
| Receivables: | |
| Property Tax | 482,391 |
| Future Property Tax | 9,161,593 |
| Accounts | 40,728 |
| Notes | 1,088,594 |
| Due from Other Governmental Agencies | 951,720 |
| Inventories | 2,241,921 |
| Prepaid Expenses | 161,198 |
| Restricted Assets: | |
| Investments | 3,518,488 |
| Land | 4,193,453 |
| Construction in Progress | 1,876,452 |
| Infrastructure, Property and Equipment, Net of Accumulated Depreciation | 53,434,419 |
| Total Assets | <u>89,876,661</u> |
| LIABILITIES | |
| Accounts Payable | 516,305 |
| Accrued Claims Payable | 11,704 |
| Due to Other Governmental Agencies | 69,120 |
| Accrued Interest Payable | 37,121 |
| Salaries and Benefits Payable | 99,479 |
| Long Term Liabilities | |
| Due within one year: | |
| Capital Lease Payable | 30,000 |
| Notes Payable | 54,000 |
| General Obligation Bonds | 620,000 |
| Compensated Absences | 200,371 |
| Due in more than one year: | |
| Capital Lease Payable | 570,000 |
| Notes Payable | 37,388 |
| General Obligation Bonds | 9,917,146 |
| Compensated Absences | 133,581 |
| Net OPEB Liability | 330,426 |
| Total Liabilities | <u>12,626,641</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable Revenue - Subsequent Year Property Taxes | 9,603,257 |
| Total Deferred Inflows of Resources | <u>9,603,257</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 51,970,790 |
| Restricted for: | |
| Supplemental Levy Purposes | 358,941 |
| Mental Health Purposes | 809,773 |
| Rural Services Purposes | 3,747,319 |
| Secondary Roads Purposes | 7,866,858 |
| Other Purposes | 267,368 |
| Unrestricted | 2,625,714 |
| Total Net Position | <u>\$ 67,646,763</u> |

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> |
|-------------------------------------|----------------------|-----------------------------|
| | | <u>Charges for Services</u> |
| Primary Government: | | |
| Governmental Activities: | | |
| Public safety and legal services | \$ 4,228,782 | \$ 937,996 |
| Physical health and social services | 576,379 | 24,020 |
| Mental health | 899,754 | 5,932 |
| County environment and education | 594,321 | 120,680 |
| Roads and transportation | 7,877,579 | 300,447 |
| Government services to residents | 876,293 | 679,724 |
| Administration | 1,911,264 | 18,268 |
| Non-program services | 37,156 | 81,908 |
| Interest on long-term debt | 351,535 | - |
| Total governmental activities | <u>\$ 17,353,063</u> | <u>\$ 2,168,975</u> |

See Accompanying Notes to Financial Statements

| Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|--|--|--|
| Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| \$ 106,657 | \$ - | \$ (3,184,129) |
| 245,319 | - | (307,040) |
| 633,679 | - | (260,143) |
| 39,354 | - | (434,287) |
| 4,694,377 | 2,102,880 | (779,875) |
| - | - | (196,569) |
| - | - | (1,892,996) |
| - | - | 44,752 |
| - | - | (351,535) |
| <u>\$ 5,719,386</u> | <u>\$ 2,102,880</u> | <u>(7,361,822)</u> |

General Revenues:

| | |
|------------------------------------|----------------------|
| Property taxes levied for: | |
| General purposes | 7,906,116 |
| Debt service | 566,353 |
| Interest and penalties on taxes | 70,015 |
| State tax credits | 431,715 |
| Local option sales tax | 1,352,294 |
| Unrestricted investment earnings | 91,257 |
| Gain on Sale of Non-Capital Assets | 23,473 |
| Miscellaneous | 161,140 |
| Total general revenues | <u>10,602,363</u> |
| Change in net position | 3,240,541 |
| Net Position - beginning | <u>64,406,222</u> |
| Net Position - ending | <u>\$ 67,646,763</u> |

SIOUX COUNTY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2014

| | General | Rural Services | Secondary Roads |
|--|---------------------|---------------------|---------------------|
| Assets | | | |
| Cash and Pooled Investments | \$ 1,750,166 | \$ 3,566,487 | \$ 4,293,562 |
| Receivables: | | | |
| Property Tax | 39,076 | 370 | - |
| Future Property Tax | 5,705,935 | 1,862,267 | - |
| Accounts | 608 | 1,078 | 34,353 |
| Notes | - | - | - |
| Due from Other Funds | - | - | 996,751 |
| Due from Other Governmental Agencies | 97,839 | 218,855 | 635,026 |
| Inventories | - | - | 2,241,921 |
| Restricted Assets: | | | |
| Investments | - | - | - |
| Prepaid Expenses | 98,940 | - | 62,258 |
| Total Assets | <u>7,692,564</u> | <u>5,649,057</u> | <u>8,263,871</u> |
| Liabilities | | | |
| Accounts Payable | 165,547 | 3,035 | 215,234 |
| Due to Other Funds | - | - | - |
| Due to Other Governmental Agencies | 48,279 | 20,691 | 150 |
| Salaries and Benefits Payable | 42,956 | 10,678 | 45,845 |
| Total Liabilities | <u>256,782</u> | <u>34,404</u> | <u>261,229</u> |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue - | | | |
| Subsequent Year Property Taxes | 5,705,935 | 1,862,267 | - |
| Delinquent Property Tax | 38,604 | 369 | - |
| Total Deferred Inflows of Resources | <u>5,744,539</u> | <u>1,862,636</u> | <u>-</u> |
| Fund Balances: | | | |
| Nonspendable for: | | | |
| Inventories | - | - | 2,241,921 |
| Prepaid Expenses | 98,940 | - | 62,258 |
| Restricted for: | | | |
| Supplemental Levy Purposes | 297,515 | - | - |
| Mental Health Purposes | - | - | - |
| Rural Services Purposes | - | 3,752,017 | - |
| Secondary Road Purposes | - | - | 5,698,463 |
| Debt Service | - | - | - |
| Other Purposes | - | - | - |
| Committed for: | | | |
| Revolving Loan Purposes | - | - | - |
| Assigned for: | | | |
| Conservation Land Acquisition | - | - | - |
| Courthouse Capital Improvements | - | - | - |
| Unassigned | 1,294,788 | - | - |
| Total Fund Balances | <u>1,691,243</u> | <u>3,752,017</u> | <u>8,002,642</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 7,692,564</u> | <u>\$ 5,649,057</u> | <u>\$ 8,263,871</u> |

See Accompanying Notes to Financial Statements

| Urban Renewal District #1 | Debt Service | Other Governmental Funds | Total Governmental Funds |
|------------------------------|-----------------|--------------------------------|--------------------------------|
| \$ 5,421 | \$ 80,196 | \$ 2,012,876 | \$ 11,708,708 |
| 441,664 | 460 | 821 | 482,391 |
| - | 583,292 | 1,010,099 | 9,161,593 |
| - | - | 4,681 | 40,720 |
| - | - | 1,088,594 | 1,088,594 |
| - | - | - | 996,751 |
| - | - | - | 951,720 |
| - | - | - | 2,241,921 |
| - | 3,518,488 | - | 3,518,488 |
| - | - | - | 161,198 |
| 447,085 | 4,182,436 | 4,117,071 | 30,352,084 |
| - | - | 132,489 | 516,305 |
| 996,751 | - | - | 996,751 |
| - | - | - | 69,120 |
| - | - | - | 99,479 |
| 996,751 | - | 132,489 | 1,681,655 |
| 441,664 | 583,292 | 1,010,099 | 9,603,257 |
| - | 436 | 761 | 40,170 |
| 441,664 | 583,728 | 1,010,860 | 9,643,427 |
| - | - | - | 2,241,921 |
| - | - | - | 161,198 |
| - | - | - | 297,515 |
| - | - | 815,117 | 815,117 |
| - | - | - | 3,752,017 |
| - | - | - | 5,698,463 |
| - | 3,598,708 | - | 3,598,708 |
| - | - | 267,368 | 267,368 |
| - | - | 1,738,640 | 1,738,640 |
| - | - | 116,629 | 116,629 |
| - | - | 35,968 | 35,968 |
| (991,330) | - | - | 303,458 |
| (991,330) | 3,598,708 | 2,973,722 | 19,027,002 |
| \$ 447,085 | \$ 4,182,436 | \$ 4,117,071 | \$ 30,352,084 |

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

| | | |
|--|--------------------------|----------------------|
| Total Fund Balance - Governmental Funds (page 19) | | \$ 19,027,002 |
| Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 59,504,324 |
| The internal service fund used by management to charge the costs of self-insured health is included in the statement of net position. | | 674,874 |
| Deferred inflows from the balance sheet that provide current financial resources for governmental activities. | | 40,170 |
| Accrued expenses from the balance sheet that require current financial resources for governmental activities. | | (37,121) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| | General Obligation Bonds | \$ (10,537,146) |
| | Capital Lease | (600,000) |
| | Compensated Absences | (333,952) |
| | Notes Payable | (91,388) |
| | | <u>(11,562,486)</u> |
| Total Net Position - Governmental Activities (page 15) | | <u>\$ 67,646,763</u> |

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2014

| | General | Rural Services | Secondary Roads |
|---|---------------------|---------------------|---------------------|
| Revenue: | | | |
| Property and other county taxes | \$ 4,910,043 | \$ 3,026,375 | \$ - |
| Interest and penalties on taxes | 60,453 | - | - |
| Intergovernmental | 1,507,253 | 109,883 | 4,944,485 |
| Licenses and permits | - | - | 15,785 |
| Charges for services | 716,907 | 18,355 | 8,235 |
| Use of money and property | 51,599 | 22,965 | 27,075 |
| Miscellaneous | 208,003 | - | 276,427 |
| Total Revenue | <u>7,454,258</u> | <u>3,177,578</u> | <u>5,272,007</u> |
| Expenditures: | | | |
| Current operating: | | | |
| Public safety and legal services | 3,054,590 | 1,083,556 | - |
| Physical health and social services | 581,266 | - | - |
| Mental health | - | - | - |
| County environment and education | 850,996 | 337,408 | - |
| Roads and transportation | 55,000 | - | 5,703,887 |
| Government services to residents | 999,974 | 2,870 | - |
| Administration | 1,922,567 | - | - |
| Non-program services | 37,156 | - | - |
| Capital projects | - | - | 1,822,576 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total Expenditures | <u>7,501,549</u> | <u>1,423,834</u> | <u>7,526,463</u> |
| Excess (deficiency) of revenues over expenditures | <u>(47,291)</u> | <u>1,753,744</u> | <u>(2,254,456)</u> |
| Other financing sources (uses): | | | |
| Sale of Non-Capital Assets | 1,239 | - | 22,234 |
| Transfers in | - | - | 1,985,920 |
| Transfers (out) | (100,000) | (1,985,920) | - |
| Issuance of Lease | - | - | - |
| Issuance of Note Payable | 137,388 | - | - |
| Total other financing sources (uses) | <u>38,627</u> | <u>(1,985,920)</u> | <u>2,008,154</u> |
| Net Change in Fund Balances | (8,664) | (232,176) | (246,302) |
| Fund balances - beginning of year | 1,699,907 | 3,984,193 | 7,667,348 |
| Increase in Reserve for Inventory | - | - | 581,596 |
| Fund balances - end of year | <u>\$ 1,691,243</u> | <u>\$ 3,752,017</u> | <u>\$ 8,002,642</u> |

See Accompanying Notes to Financial Statements

| Urban Renewal District #1 | Debt Service | Other Governmental Funds | Total Governmental Funds |
|------------------------------|-----------------|--------------------------------|--------------------------------|
| \$ 345,867 | \$ 566,392 | \$ 977,265 | \$ 9,825,942 |
| - | - | - | 60,453 |
| 9,562 | 26,753 | 705,758 | 7,303,694 |
| - | - | - | 15,785 |
| - | - | 113,720 | 857,217 |
| 11 | 15,860 | 24,748 | 142,258 |
| - | - | 28,665 | 513,095 |
| 355,440 | 609,005 | 1,850,156 | 18,718,444 |
| - | - | 17,922 | 4,156,068 |
| - | - | - | 581,266 |
| - | - | 901,600 | 901,600 |
| - | - | - | 1,188,404 |
| - | - | - | 5,758,887 |
| - | - | 3,773 | 1,006,617 |
| - | - | - | 1,922,567 |
| - | - | - | 37,156 |
| - | - | 717,563 | 2,540,139 |
| - | 595,000 | - | 595,000 |
| - | 357,683 | - | 357,683 |
| - | 952,683 | 1,640,858 | 19,045,387 |
| 355,440 | (343,678) | 209,298 | (326,943) |
| - | - | - | 23,473 |
| 100,000 | 391,333 | 100,000 | 2,577,253 |
| (391,333) | (100,000) | - | (2,577,253) |
| - | - | 600,000 | 600,000 |
| - | - | - | 137,388 |
| (291,333) | 291,333 | 700,000 | 760,861 |
| 64,107 | (52,345) | 909,298 | 433,918 |
| (1,055,437) | 3,651,053 | 2,064,424 | 18,011,488 |
| - | - | - | 581,596 |
| \$ (991,330) | \$ 3,598,708 | \$ 2,973,722 | \$ 19,027,002 |

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 22) \$ 433,918

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

| | | |
|---------------------------------|--------------------|-----------|
| Expenditures for capital assets | \$ 5,742,761 | |
| Depreciation expense | <u>(3,558,448)</u> | 2,184,313 |

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (17,497)

Because some inflows will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

| | | |
|--------------|--|---------|
| Property tax | | (1,179) |
|--------------|--|---------|

The effect of bond premium costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities: 3,092

Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities. 128,714

Accrued interest expense that does not require current financial resources. 3,056

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:

| | | |
|---------------|------------------|-----------|
| Capital Lease | (600,000) | |
| Note Payable | <u>(137,388)</u> | (737,388) |

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment on long-term debt. The principal paid on long-term debt during the current year was:

| | | |
|------------------------------|---------------|---------|
| Repayments of long-term debt | 595,000 | |
| Repayments of notes payable | <u>54,000</u> | 649,000 |

Compensated Absences that do not require current financial resources. 12,916

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net position is exhausted. 581,596

Change in net position of governmental activities (page 17) \$ 3,240,541

SIOUX COUNTY, IOWA
STATEMENT OF NET POSITION
Governmental Activities - Internal Service Fund
JUNE 30, 2014

ASSETS

Current Assets

Cash and Pooled Investments \$ 1,016,996

Receivables:

Accounts Receivable 8

Total Assets 1,017,004

LIABILITIES

Current Liabilities

Accrued Claims Payable 11,704

Total Current Liabilities 11,704

Noncurrent Liabilities

Net OPEB Liability 330,426

Total Noncurrent Liabilities 330,426

Total Liabilities 342,130

NET POSITION

Unrestricted \$ 674,874

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2014

| | |
|-------------------------------------|--------------------------|
| Operating revenues: | |
| Reimbursements from operating funds | \$ 305,491 |
| Total operating revenue | <u>305,491</u> |
| Operating expenses: | |
| Claims paid | 112,685 |
| Administrative fees | 10,040 |
| Other post employment benefits | <u>54,146</u> |
| Total operating expenses | <u>176,871</u> |
| Operating Income | 128,620 |
| Nonoperating income: | |
| Interest on investments | <u>94</u> |
| Change in Net Position | 128,714 |
| Net Position - beginning | <u>546,160</u> |
| Net Position - ending | <u><u>\$ 674,874</u></u> |

SIOUX COUNTY, IOWA
STATEMENT OF CASH FLOWS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2014

Cash flows from operating activities:

| | |
|--|----------------|
| Cash received from employer/employee contributions | \$ 305,483 |
| Cash payments for insurance premiums and services | (131,665) |
| Net cash provided by operating activities | <u>173,818</u> |

Cash flows from investing activities:

| | |
|-------------------------|-----------|
| Interest on investments | <u>94</u> |
|-------------------------|-----------|

Net increase in cash and cash equivalents 173,912

Cash and pooled investments - beginning of year 843,084

Cash and pooled investments - end of year 1,016,996

Reconciliation of operating income to net cash used in operating activities:

| | |
|--------------------------------------|---------------|
| Operating Income | 128,620 |
| Change in assets and liabilities: | |
| (Increase) in Accounts Receivable | (8) |
| (Decrease) in Accrued Claims Payable | (8,940) |
| Increase in OPEB Liability | <u>54,146</u> |

Net cash provided by operating activities \$ 173,818

SIOUX COUNTY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Funds
JUNE 30, 2014

ASSETS

| | | |
|-----------------------------|----|-------------------|
| Cash and Pooled Investments | \$ | 2,374,163 |
| Receivables: | | |
| Property Tax | | 41,305 |
| Future Property Tax | | 38,687,438 |
| Accounts | | 467 |
| Assessments | | 79,385 |
| Due from Other Governments | | 163,753 |
| Total Assets | | <u>41,346,511</u> |

LIABILITIES

| | | |
|-------------------------------|----|-------------------|
| Accounts Payable | | 8,356 |
| Due to Other Governments | | 41,297,391 |
| Salaries and Benefits Payable | | 7,613 |
| Compensated Absences | | 33,151 |
| Total Liabilities | \$ | <u>41,346,511</u> |

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's Internal Service Fund is classified as a primarily governmental type activity.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations with the difference reported as net position. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The County first uses restricted resources to finance qualifying activities. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation / amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

2) Special Revenue Funds

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Urban Renewal District #1 Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal projects.

3) Debt Service Fund

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net position is consolidated into the government-wide statement of net position. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues with the exception of expenditure-driven grants. A one-year availability period is used for expenditure-driven grants.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, it is the County's policy to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements exceeded the amount budgeted in county environment and education, government services to residents, administration, non-program services and debt services functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

| Type | Method |
|-------------------------------------|---|
| U.S. Treasury Notes | Based upon quoted market prices |
| Iowa Public Agency Investment Trust | Fair value determined by current share prices |

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a nonspendable fund balance which indicates that they are not available to liquidate current obligations.
- L. Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has no items that qualify for reporting in this category.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds financial statements and in the governmental activities of the government-wide financial statements. The governmental activities in the government-wide statements report unavailable revenues from subsequent year property taxes. The governmental funds report unavailable revenues from subsequent year property taxes and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- M. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure.

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

| | |
|--------------------------|---------------|
| Buildings and Structures | 10 – 50 Years |
| Infrastructure | 10 – 65 Years |
| Machinery and Equipment | 3 – 20 Years |

- N. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- O. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums and discounts on new debt issued are reported as an other financing source or use.

- P. Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through an ordinance approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014 the County had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

| <u>Type</u> | <u>Credit Risk</u> | <u>Fair Value</u> | <u>Maturity</u> |
|---------------------|--------------------|-------------------|-----------------|
| U.S. Treasury Notes | Not Applicable | \$ 3,518,488 | Various |
| IPAIT | AAA | \$ 7,359,333 | N/A |

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

Custodial Credit Risk: The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

SIoux COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)

Concentration of Credit Risk: The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually.

The cash and pooled investments at June 30, 2014 consisted of the following:

Reconciliation to the Financial Statements:

| | <u>Carrying Amount</u> |
|--|-----------------------------------|
| Investments | \$ 10,877,820 |
| Demand Deposits | 7,739,535 |
| Cash on Hand | 1,000 |
| | <u>18,618,355</u> |
| Unrestricted: | |
| Cash and Pooled Investments - Governmental Activities | 12,725,704 |
| Cash and Pooled Investments - Agency Funds | 2,374,163 |
| Restricted: | |
| Investments-Governmental Activities | 3,518,488 |
| | <u>\$ 18,618,355</u> |

NOTE 3 INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2014, short-term interfund borrowings for operating purposes were as follows:

| <u>Fund Due To</u> | <u>Fund Due From</u> | <u>Amount</u> |
|---------------------------|---|----------------------|
| Secondary Roads | Special Revenue – Urban Renewal District #1 | \$ 996,751* |

*This interfund balance represents amounts due to the Secondary Road Fund from the Urban Renewal District #1 Fund to repay costs for a road project within the urban renewal district.

NOTE 4 - NOTES RECEIVABLE

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2014, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 4 - NOTES RECEIVABLE – (CONTINUED)

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$132,190 during the year ended June 30, 2014. The loans are secured by real estate mortgages and personal guarantees of the business owners.

Loans by the Sioux County Revolving Loan Fund are as follows:

| Loaned to | Date of Loan | Original Loan Amount | Interest Rate | Term Of Loan | Monthly Payment | Loan Balance June 30, 2014 |
|--------------------------------|--------------------|----------------------------|------------------|--------------------|--------------------|----------------------------------|
| Quality Machine Products, Inc. | October 6, 2006 | \$ 65,000 | 3.0% | 4.5 yrs. | \$ 1,344 | \$ 29,442 |
| | June 26, 2009 | 52,500 | 4.95% | 5 yrs. | 944 | 48,439 |
| Exemplar Genetics LLC | November 25, 2009 | 150,000 | 3.0% | 10 yrs. | 1,446 | 85,393 |
| | January 13, 2012 | 82,500 | 3.0% | 7 yrs. | 1,092 | 56,038 |
| Siouxland Fabricating | September 23, 2011 | 37,500 | 3.0% | 5 yrs. | 673 | 16,911 |
| Valley Plating | February 18, 2013 | 30,000 | 3.0% | 5 yrs. | 540 | 22,937 |
| Harbor Group | December 21, 2012 | 200,000 | 3.00% | 10 yrs. | 1,931 | 173,683 |
| M-K Distributing | February 1, 2012 | 73,539 | 5.775% | 6 yrs. | 1,300 | 28,346 |
| TEC Industries | August 6, 2012 | 300,000 | 3.0% | 7 yrs. | 3,964 | 227,405 |
| | | <u>\$ 996,872</u> | | | | <u>\$ 688,594</u> |

The County issued a short-term loan to the Sioux County Airport Authority in the amount of \$400,000. This note receivable is to be paid back to the County with interest as the Airport Authority receives reimbursement from the Federal Aviation Administration.

NOTE 5 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

| | Secondary Roads | Debt Service | Non-Major Governmental | Total Transfer Out |
|------------------------|---------------------|-------------------|---------------------------|--------------------------|
| General Basic | \$ - | \$ - | \$ 100,000 | \$ 100,000 |
| Rural Services | 1,985,920 | - | - | 1,985,920 |
| Debt Service | - | - | 100,000 | 100,000 |
| Non-Major Governmental | - | 391,333 | - | 391,333 |
| Total Transfers In | <u>\$ 1,985,920</u> | <u>\$ 391,333</u> | <u>\$ 200,000</u> | <u>\$ 2,577,253</u> |

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|----------------------------|--------------|--------------|-----------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,885,349 | \$ 308,104 | \$ - | \$ 4,193,453 |
| Construction in Progress | 2,983,967 | 3,731,308 | 4,838,823 | 1,876,452 |
| Total capital assets not being depreciated | 6,869,316 | 4,039,412 | 4,838,823 | 6,069,905 |
| Capital assets being depreciated: | | | | |
| Buildings | 10,435,811 | 450,685 | 1,512 | 10,884,984 |
| Equipment | 13,416,151 | 950,724 | 826,380 | 13,540,495 |
| Infrastructure | 65,851,920 | 5,202,201 | 621,258 | 70,432,863 |
| Total capital assets being depreciated | 89,703,882 | 6,603,610 | 1,449,150 | 94,858,342 |
| Less: Accumulated Depreciation for: | | | | |
| Buildings | 4,807,910 | 173,844 | 1,512 | 4,980,242 |
| Equipment | 8,788,114 | 688,791 | 747,445 | 8,729,460 |
| Infrastructure | 25,639,666 | 2,695,813 | 621,258 | 27,714,221 |
| Total Accumulated Depreciation | 39,235,690 | 3,558,448 | 1,370,215 | 41,423,923 |
| Total capital assets being depreciated, net | 50,468,192 | 3,045,162 | 78,935 | 53,434,419 |
| Governmental activities capital assets, net | \$ 57,337,508 | \$ 7,084,574 | \$ 4,917,758 | \$59,504,324 |

Construction in progress at June 30, 2014 consisted of costs associated with several road construction projects, HVAC project, and various small conservation projects.

Depreciation expense was charged to the functions as follows:

| | |
|-------------------------------------|---------------------|
| Public Safety and Legal Services | \$ 231,879 |
| Physical Health and Social Services | 1,711 |
| County Environment and Education | 61,643 |
| Roads and Transportation | 3,136,953 |
| Government Services to Residents | 107,181 |
| Administration | 19,081 |
| | <u>\$ 3,558,448</u> |

Reconciliation of Net Investment in Capital Assets:

Governmental Activities

| | |
|--|---------------------|
| Land | \$ 4,193,453 |
| Construction in Progress | 1,876,452 |
| Capital Assets (net of accumulated depreciation) | 53,434,419 |
| Less: General Obligation Bonds Payable | (10,537,146) |
| Notes Payable | (91,388) |
| Capital Lease | (600,000) |
| Add: Crossover Bonds | 3,695,000 |
| Net Investment in Capital Assets | <u>\$51,970,790</u> |

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

| | General Obligation Bonds | Compensated Absences | Notes Payable | Capital Leases | Other Post- Employment Benefits | Total |
|---------------------------|--------------------------------|-------------------------|------------------|-------------------|--|---------------|
| Balance Beginning of Year | \$ 11,105,000 | \$ 346,868 | \$ 8,000 | \$ - | \$ 276,280 | \$ 11,736,148 |
| Increases | - | 195,205 | 137,388 | 600,000 | 54,146 | 986,739 |
| Decreases | 595,000 | 208,121 | 54,000 | - | - | 857,121 |
| Balance End of Year | \$ 10,510,000 | \$ 333,952 | \$ 91,388 | \$ 600,000 | \$ 330,426 | \$ 11,865,766 |
| Due Within One Year | \$ 620,000 | \$ 200,371 | \$ 54,000 | \$ 30,000 | \$ - | \$ 904,371 |

The General Obligation Bonds are shown gross of the unamortized premiums of \$27,146 on the Statement of Net Position.

A summary of the County's June 30, 2014 general obligation bonded indebtedness is as follows:

| | Date of Issue | Interest Rates | Annual Payments | Amount Originally Issued | Outstanding June 2014 |
|--------------|------------------|-------------------|---------------------|--------------------------------|--------------------------|
| Series 2007 | 2007 | 4-3.85% | \$350,000-\$375,000 | \$ 3,625,000 | \$ 2,910,000 |
| Series 2008 | 2008 | 3.25-4.40% | 10,000-375,000 | 5,000,000 | 3,905,000 |
| Series 2012A | 2012 | .90-2.45% | 315,000-365,000 | 3,695,000 | 3,695,000 |
| | | | | | <u>\$ 10,510,000</u> |

On June 15, 2012, the County issued \$3,695,000 of General Obligation Refunding Capital Loan Notes, Series 2012A in a crossover advance refunding of the Series 2008 GO Capital Loan Notes. The 2012 bonds have an average interest rate of 1.92% and the 2008 bonds being refunded have an average interest rate of 4.1%. The net proceeds from the issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2014 the amount in escrow was \$3,518,488. This amount will be used to refund the remaining \$3,420,000 of the 2008 bonds on June 1, 2016 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding, the County will reduce its debt service payments over the next twelve years by \$182,099, and obtain an economic gain of \$152,945.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 7 - LONG-TERM LIABILITIES – (CONTINUED)

Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 620,000 | \$ 333,107 | \$ 953,107 |
| 2016 | 4,060,000 | 309,508 | 4,369,508 |
| 2017 | 725,000 | 146,215 | 871,215 |
| 2018 | 750,000 | 128,005 | 878,005 |
| 2019 | 770,000 | 108,010 | 878,010 |
| 2020-2024 | 2,510,000 | 266,193 | 2,776,193 |
| 2025-2027 | 1,075,000 | 51,448 | 1,126,448 |
| | <u>\$ 10,510,000</u> | <u>\$ 1,342,485</u> | <u>\$ 11,852,485</u> |

\$3,598,708 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

Notes Payable – In August 2013, the County purchased new voting equipment and borrowed \$137,388 to be paid over three years with the first payment of \$50,000 required up front. The remaining balance is to be paid back over the next two years. No interest is required on this note.

In June 2008, the County entered into an agreement with the Iowa Department of Transportation to purchase a parcel of land to be paid over seven years. No interest is required on this note.

| Year Ending June 30, | Principal |
|---------------------------------|------------------|
| 2015 | \$ 54,000 |
| 2016 | 37,388 |
| | <u>\$ 91,388</u> |

Capital Leases – In March 2014, the County entered into a fifteen-year lease agreement as lessee to finance the acquisition of the Sandy Hallow Golf Club and Campground. The lease requires fifteen annual payments of \$30,000 with a final balloon payment of \$150,000 at the end of the lease. No interest is to be paid on these annual rental payments. This lease qualifies as a capital lease and, therefore, has been recorded at the present value of minimum lease payments as of the inception date. Of the total cost, \$220,000 is attributed to the land and \$380,000 represents buildings on the property. Total accumulated depreciation for the buildings was \$2,372 as of June 30, 2014. These assets will continue to be depreciated over their useful life of twenty-five years.

| Year Ending June 30, | Principal |
|---------------------------------|-------------------|
| 2015 | \$ 30,000 |
| 2016 | 30,000 |
| 2017 | 30,000 |
| 2018 | 30,000 |
| 2019 | 30,000 |
| 2020-2024 | 150,000 |
| 2025-2029 | 300,000 |
| | <u>\$ 600,000</u> |

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 8 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary for the year ended June 30, 2014. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$541,039, \$513,826 and \$483,057, respectively, equal to the required contributions for each year.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 134 active members in the plan and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by BlueCross BlueShield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contributions (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution | \$ 64,671 |
| Interest on net OPEB obligation | 6,720 |
| Adjustment to annual required contribution | <u>(9,715)</u> |
| Annual OPEB cost | 61,676 |
| Contributions made | <u>(7,530)</u> |
| Increase in net OPEB obligation | 54,146 |
| Net OPEB obligation beginning of year | 276,280 |
| Net OPEB obligation end of year | <u>\$ 330,426</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is summarized as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|---------------------|--|---------------------------|
| 2014 | \$ 61,676 | 12.2% | \$ 330,426 |
| 2013 | \$ 61,676 | 12.2% | \$ 276,280 |
| 2012 | \$ 61,676 | 12.2% | \$ 222,134 |
| 2011 | \$ 62,181 | 9.9% | \$ 167,988 |
| 2010 | \$ 62,181 | 9.9% | \$ 111,992 |
| 2009 | \$ 62,181 | 9.9% | \$ 55,996 |

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$542,563, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$542,563. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,200,000 and the ratio of the UAAL to covered payroll was 10.43%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate and the ultimate medical trend rate is 5%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$1,107 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 10 - RISK MANAGEMENT

Sioux County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability,

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 10 - RISK MANAGEMENT - (CONTINUED)

automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2014 were \$280,989.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 11 - CONSTRUCTION COMMITMENT

The County has entered into several construction contracts totaling \$608,888 for bridge and culvert construction and roadway paving projects. As of June 30, 2014, \$304,923 had been incurred against the contracts. The balance of \$303,965 will be paid as work on the projects progress.

NOTE 12 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$3,000 for single individuals and \$6,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2014 was \$305,491.

Amounts payable from the PSF Health Insurance Fund at June 30, 2014 total \$11,704 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

| | 2014 | 2013 |
|------------------------------------|------------------|------------------|
| Unpaid claims, beginning of year | \$ 20,644 | \$ 23,823 |
| Incurred claims (including IBNR's) | 112,685 | 134,445 |
| Claim Payments | (121,625) | (137,624) |
| Unpaid claims, end of year | <u>\$ 11,704</u> | <u>\$ 20,644</u> |

NOTE 13 - GUARANTEED DEBT

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

| | |
|---------------------------------|-----------|
| Closure cost to be assured: | \$ 18,360 |
| Postclosure cost to be assured: | \$287,640 |

NOTE 14 - DEFICIT FUND BALANCE

The County has one fund with a deficit fund balance at June 30, 2014. The County intends to finance the deficits with future property tax revenue and general revenues.

The fund deficits were as follows:

| | |
|---|-----------|
| Special Revenue – Urban Renewal District #1 | \$991,330 |
|---|-----------|

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2014

NOTE 15 - EARLY CHILDHOOD IOWA AREA BOARD

Sioux County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included as an Agency Fund of the County because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2014 is as follows:

| | Early Childhood Fund (State) | School Ready Fund | Total |
|---|---------------------------------------|-------------------------|-----------|
| Revenues: | | | |
| State Grants: | | | |
| Early Childhood | \$ 51,697 | \$ - | \$ 51,697 |
| Family Support and Parent Education | - | 341,802 | 341,802 |
| Preschool Support for Low-Income Families | - | 150,076 | 150,076 |
| Quality Improvement | - | 71,748 | 71,748 |
| Allocation for Administration | 2,721 | 18,548 | 21,269 |
| Other Grant Programs | - | 36,687 | 36,687 |
| Total State Grants | 54,418 | 618,861 | 673,279 |
| Interest on Investments | 56 | - | 56 |
| Total Revenues | 54,474 | 618,861 | 673,335 |
| Expenditures: | | | |
| Program Services: | | | |
| Early Childhood | 49,471 | - | 49,471 |
| Family Support and Parent Education | - | 299,060 | 299,060 |
| Preschool Support for Low-Income Families | - | 147,511 | 147,511 |
| Quality Improvement | - | 67,442 | 67,442 |
| Other Grant Programs | - | 41,405 | 41,405 |
| Total Program Services | 49,471 | 555,418 | 604,889 |
| Administration | 2,721 | 18,548 | 21,269 |
| Total Expenditures | 52,192 | 573,966 | 626,158 |
| Net Change in Fund Balance | 2,282 | 44,895 | 47,177 |
| Fund Balance – Beginning of Year | - | 8,978 | 8,978 |
| Fund Balance – End of Year | \$ 2,282 | \$ 53,873 | \$ 56,155 |

The information shown above agrees to the annual report submitted by the Early Childhood Iowa Area Board to the State of Iowa for June 30, 2014. The total ending fund balance for June 30, 2014 does not agree to the balance shown on page 61. This variance is due to miscellaneous revenues and expenses which are not related to the state funding received. Additionally, the amounts reported above are cash basis while the balance on page 61 is modified accrual basis.

NOTE 16 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|---------------------|---|
| | Original | Amended | | |
| Revenue: | | | | |
| Property and other county taxes | \$ 10,014,986 | \$10,014,986 | \$ 9,826,326 | \$ (188,660) |
| Interest and penalties on taxes | 31,000 | 31,000 | 60,925 | 29,925 |
| Intergovernmental | 6,773,315 | 6,773,315 | 9,410,896 | 2,637,581 |
| Licenses and permits | 9,000 | 9,000 | 16,090 | 7,090 |
| Charges for services | 772,845 | 772,845 | 857,462 | 84,617 |
| Use of money and property | 105,374 | 105,374 | 251,511 | 146,137 |
| Miscellaneous | 591,576 | 591,576 | 485,121 | (106,455) |
| Total Revenue | 18,298,096 | 18,298,096 | 20,908,331 | 2,610,235 |
| Expenditures: | | | | |
| Current operating: | | | | |
| Public safety and legal services | 4,335,195 | 4,335,195 | 3,995,617 | 339,578 |
| Physical health and social services | 746,774 | 746,774 | 645,299 | 101,475 |
| Mental Health, MR & DD | 1,652,748 | 1,652,748 | 983,767 | 668,981 |
| County environment and education | 1,137,681 | 1,182,681 | 1,245,280 | (62,599) |
| Roads and transportation | 6,074,275 | 6,074,275 | 5,686,916 | 387,359 |
| Government services to residents | 932,227 | 932,227 | 866,841 | 65,386 |
| Administration | 2,314,145 | 2,314,145 | 2,349,706 | (35,561) |
| Non-program services | 37,000 | 37,000 | 46,389 | (9,389) |
| Debt service | 886,813 | 886,813 | 952,683 | (65,870) |
| Capital projects | 2,538,050 | 2,643,050 | 1,839,223 | 803,827 |
| Total Expenditures | 20,654,908 | 20,804,908 | 18,611,721 | 2,193,187 |
| Excess (Deficiency) of revenues over expenditures | (2,356,812) | (2,506,812) | 2,296,610 | 4,803,422 |
| Other financing sources (uses): | | | | |
| Transfers in | 2,895,920 | 2,895,920 | 2,577,253 | (318,667) |
| Transfers out | (2,895,920) | (2,895,920) | (2,577,253) | 318,667 |
| Proceeds of Fixed Asset Sales | 5,000 | 5,000 | 23,473 | 18,473 |
| Total other financing sources (uses) | 5,000 | 5,000 | 23,473 | 18,473 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | <u>\$ (2,351,812)</u> | <u>\$ (2,501,812)</u> | 2,320,083 | <u>\$ 4,821,895</u> |
| Balance beginning of year | | | 12,907,113 | |
| Balance end of year | | | <u>\$15,227,196</u> | |

SIOUX COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2014

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$150,000. The budget amendments are reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission. During fiscal year 2014, disbursements exceeded budgeted amounts for Emergency Management Services.

During fiscal year 2014, disbursements exceeded the amount budgeted for the county environment and education, government services to residents, administration, non-program services and debt services functions.

As noted previously, the actual results of operations are presented in accordance with accounting principles generally accepted in the United States which differ in certain respects from those practices used in the preparation of the 2013-14 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

| | Governmental Funds | | |
|-----------------------------------|--------------------|------------------------|------------------------------|
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 20,908,331 | \$ (2,189,887) | \$ 18,718,444 |
| Expenditures | 18,611,721 | (753,722) | 19,045,387 |
| Net | 2,296,610 | (1,436,165) | (326,943) |
| Other Financing Sources | 23,473 | - | 760,861 |
| Beginning Fund Balance | 12,907,113 | 5,104,375 | 18,011,488 |
| Increase in Reserve for Inventory | - | 581,596 | 581,596 |
| Ending Fund Balance | \$ 15,227,196 | \$ 4,249,806 | \$ 19,027,002 |

SIOUX COUNTY, IOWA
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

| For Year Ended | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Approximate Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-------------------|--------------------------------|--|---|---------------------------------|--------------------------|--|---|
| June 30, 2009 | July 1, 2008 | - | \$ 428,640 | \$ 428,640 | 0.00% | \$4,972,856 | 8.62% |
| June 30, 2010 | July 1, 2008 | - | \$ 428,640 | \$ 428,640 | 0.00% | \$4,973,000 | 8.62% |
| June 30, 2011 | July 1, 2008 | - | \$ 428,640 | \$ 428,640 | 0.00% | \$4,973,000 | 8.62% |
| June 30, 2012 | July 1, 2011 | - | \$ 542,563 | \$ 542,563 | 0.00% | \$5,200,000 | 10.43% |
| June 30, 2013 | July 1, 2011 | - | \$ 542,563 | \$ 542,563 | 0.00% | \$5,200,000 | 10.43% |
| June 30, 2014 | July 1, 2011 | - | \$ 542,563 | \$ 542,563 | 0.00% | \$5,200,000 | 10.43% |

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2014

| | Special Revenue Funds | | | |
|--|---|-------------------------------|---|----------------------------------|
| | Recorder's Records Management Fund | Federal Revenue Sharing | Sioux County Revolving Loan Fund | Attorney's Forfeiture Fund |
| Assets | | | | |
| Cash and Pooled Investments | \$ 66,509 | \$ 143,920 | \$ 650,046 | \$ 11,269 |
| Receivables: | | | | |
| Future Property Tax | - | - | - | - |
| Accounts | - | - | - | - |
| Notes | - | - | 1,088,594 | - |
| Total Assets | 66,509 | 143,920 | 1,738,640 | 11,269 |
| Liabilities | | | | |
| Accounts Payable | - | - | - | 2,013 |
| Due to Other Funds | - | - | - | - |
| Total Liabilities | - | - | - | 2,013 |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenue- | | | | |
| Subsequent Year Property Taxes | - | - | - | - |
| Delinquent Property Tax | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Mental Health Purposes | - | - | - | - |
| Other Purposes | 66,509 | 143,920 | - | 9,256 |
| Committed for: | | | | |
| Revolving Loan Purposes | - | - | 1,738,640 | - |
| Assigned for: | | | | |
| Conservation Land Acquisition | - | - | - | - |
| Courthouse Capital Improvements | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 66,509 | 143,920 | 1,738,640 | 9,256 |
| Total Liabilities and Fund Balances | \$ 66,509 | \$ 143,920 | \$ 1,738,640 | \$ 11,269 |

| Special Revenue Funds | | | | | | | |
|---------------------------------|--|---------------------------------|------------------|-------------------------------------|--------------------------------------|--------------|--|
| Sheriff's Forfeiture Fund | Resource Enhancement and Protection | Urban Renewal District #1 | Mental Health | Capital Projects Funds | | Total | |
| | | | | Conservation Land Acquisition | Courthouse Capital Improvement | | |
| \$ 9,221 | \$ 38,462 | \$ - | \$ 892,499 | \$ 111,948 | \$ 89,002 | \$ 2,012,876 | |
| - | - | - | 1,010,099 | - | - | 1,010,099 | |
| - | - | - | - | 4,681 | - | 4,681 | |
| - | - | - | - | - | - | 1,088,594 | |
| 9,221 | 38,462 | - | 1,903,419 | 116,629 | 89,002 | 4,117,071 | |
| | | | | | | | |
| - | - | - | 77,442 | - | 53,034 | 132,489 | |
| - | - | - | - | - | - | - | |
| - | - | - | 77,442 | - | 53,034 | 132,489 | |
| | | | | | | | |
| - | - | - | 1,010,099 | - | - | 1,010,099 | |
| - | - | - | 761 | - | - | 761 | |
| - | - | - | 1,010,860 | - | - | 1,010,860 | |
| | | | | | | | |
| - | - | - | 815,117 | - | - | 815,117 | |
| 9,221 | 38,462 | - | - | - | - | 267,368 | |
| - | - | - | - | - | - | 1,738,640 | |
| - | - | - | - | 116,629 | - | 116,629 | |
| - | - | - | - | - | 35,968 | 35,968 | |
| - | - | - | - | - | - | - | |
| 9,221 | 38,462 | - | 815,117 | 116,629 | 35,968 | 2,973,722 | |
| \$ 9,221 | \$ 38,462 | \$ - | \$ 1,903,419 | \$ 116,629 | \$ 89,002 | \$ 4,117,071 | |

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2014

| | Special Revenue Funds | | | |
|--|---|-------------------------------|---|----------------------------------|
| | Recorder's Records Management Fund | Federal Revenue Sharing | Sioux County Revolving Loan Fund | Attorney's Forfeiture Fund |
| Revenue: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 6,518 | - | - | - |
| Use of money and property | 7 | 359 | 24,367 | 1 |
| Miscellaneous | - | - | - | 1,857 |
| Total Revenue | 6,525 | 359 | 24,367 | 1,858 |
| Expenditures: | | | | |
| Current operating: | | | | |
| Public safety and legal services | - | - | - | 6,958 |
| Mental health | - | - | - | - |
| Government services to residents | 3,773 | - | - | - |
| Capital projects | - | - | - | - |
| Total Expenditures | 3,773 | - | - | 6,958 |
| Excess (Deficiency) of revenues over expenditures | 2,752 | 359 | 24,367 | (5,100) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers (out) | - | - | - | - |
| Issuance of Lease | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net Change in Fund Balances | 2,752 | 359 | 24,367 | (5,100) |
| Fund balances (deficits) - beginning of year | 63,757 | 143,561 | 1,714,273 | 14,356 |
| Fund balances (deficits) - end of year | \$ 66,509 | \$ 143,920 | \$ 1,738,640 | \$ 9,256 |

| Special Revenue Funds | | | | | | | |
|---------------------------------|--|------|------------------|-------------------------------------|--------------------------------------|--------------|--|
| Sheriff's Forfeiture Fund | Resource Enhancement and Protection | | Mental Health | Capital Projects Funds | | Total | |
| | | | | Conservation Land Acquisition | Courthouse Capital Improvement | | |
| \$ - | \$ 20,533 | \$ - | \$ 685,225 | \$ - | \$ - | \$ 705,758 | |
| - | - | - | 5,932 | 101,270 | - | 113,720 | |
| 1 | 2 | - | - | 11 | - | 24,748 | |
| 13,109 | - | - | - | 13,699 | - | 28,665 | |
| 13,110 | 20,535 | - | 1,668,422 | 114,980 | - | 1,850,156 | |
| | | | | | | | |
| 10,964 | - | - | - | - | - | 17,922 | |
| - | - | - | 901,600 | - | - | 901,600 | |
| - | - | - | - | - | - | 3,773 | |
| - | - | - | - | 704,685 | 12,878 | 717,563 | |
| 10,964 | - | - | 901,600 | 704,685 | 12,878 | 1,640,858 | |
| | | | | | | | |
| 2,146 | 20,535 | - | 766,822 | (589,705) | (12,878) | 209,298 | |
| | | | | | | | |
| - | - | - | - | - | 100,000 | 100,000 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | 600,000 | - | 600,000 | |
| - | - | - | - | 600,000 | 100,000 | 700,000 | |
| | | | | | | | |
| 2,146 | 20,535 | - | 766,822 | 10,295 | 87,122 | 909,298 | |
| 7,075 | 17,927 | - | 48,295 | 106,334 | (51,154) | 2,064,424 | |
| \$ 9,221 | \$ 38,462 | \$ - | \$ 815,117 | \$ 116,629 | \$ 35,968 | \$ 2,973,722 | |

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF NET POSITION
Agency Funds
For the Year Ended June 30, 2014

| | County Recorder | County Sheriff | Agricultural Extension | County Assessor |
|-------------------------------|--------------------|-------------------|---------------------------|--------------------|
| ASSETS | | | | |
| Cash and Pooled Investments | \$ - | \$ 205,276 | \$ 2,733 | \$ 204,544 |
| Receivables: | | | | |
| Property Tax | - | - | - | - |
| Future Property Tax | - | - | 254,741 | 373,601 |
| Accounts | 467 | - | - | - |
| Assessments | - | - | - | - |
| Due from Other Governments | - | - | - | - |
| Total Assets | 467 | 205,276 | 257,474 | 578,145 |
| LIABILITIES | | | | |
| Accounts Payable | - | 1,897 | - | 256 |
| Due to Other Governments | 467 | 203,379 | 257,474 | 562,249 |
| Salaries and Benefits Payable | - | - | - | - |
| Compensated Absences | - | - | - | 15,640 |
| Total Liabilities | \$ 467 | \$ 205,276 | \$ 257,474 | \$ 578,145 |

| Schools | Area Schools | Corporations | Townships | City Special Assessments | Auto License and Use Tax |
|---------------|-----------------|---------------|------------|--------------------------------|--------------------------------|
| \$ 206,532 | \$ 10,304 | \$ 65,568 | \$ 5,129 | \$ 4,444 | \$ 811,267 |
| 17,588 | - | 23,717 | - | - | - |
| 20,562,095 | 997,752 | 16,140,242 | 354,244 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 79,385 | - |
| - | - | - | - | - | - |
| 20,786,215 | 1,008,056 | 16,229,527 | 359,373 | 83,829 | 811,267 |
| - | - | - | - | - | - |
| 20,786,215 | 1,008,056 | 16,229,527 | 359,373 | 83,829 | 811,267 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| \$ 20,786,215 | \$ 1,008,056 | \$ 16,229,527 | \$ 359,373 | \$ 83,829 | \$ 811,267 |

(continued)

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF NET POSITION - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Tax In Advance | Emergency Management Services | Brucellosis and Tuberculosis Eradication | Public Safety Agency | Disposal Agency |
|-------------------------------|---------------------------|--|---|-------------------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and Pooled Investments | \$ 177,194 | \$ 76,749 | \$ 49 | \$ 247,299 | \$ 29,734 |
| Receivables: | | | | | |
| Property Tax | - | - | - | - | - |
| Future Property Tax | - | - | 4,763 | - | - |
| Accounts | - | - | - | - | - |
| Assessments | - | - | - | - | - |
| Due from Other Governments | - | 97,424 | - | - | - |
| Total Assets | <u>177,194</u> | <u>174,173</u> | <u>4,812</u> | <u>247,299</u> | <u>29,734</u> |
| LIABILITIES | | | | | |
| Accounts Payable | - | 3,377 | - | 595 | - |
| Due to Other Governments | 177,194 | 168,191 | 4,812 | 224,185 | 29,734 |
| Salaries and Benefits Payable | - | 465 | - | 7,148 | - |
| Compensated Absences | - | 2,140 | - | 15,371 | - |
| Total Liabilities | <u>\$ 177,194</u> | <u>\$ 174,173</u> | <u>\$ 4,812</u> | <u>\$ 247,299</u> | <u>\$ 29,734</u> |

| E-911 | Early Childhood Iowa Area Board | Treasurer's Trust Fund | Recorder E-Commerce | Flexible Benefits | Condemnations | Total |
|------------|--|------------------------------|------------------------|----------------------|---------------|--------------|
| \$ 264,086 | \$ 57,931 | \$ - | \$ 1,190 | \$ 3,728 | \$ 406 | \$ 2,374,163 |
| - | - | - | - | - | - | 41,305 |
| - | - | - | - | - | - | 38,687,438 |
| - | - | - | - | - | - | 467 |
| - | - | - | - | - | - | 79,385 |
| 66,329 | - | - | - | - | - | 163,753 |
| 330,415 | 57,931 | - | 1,190 | 3,728 | 406 | 41,346,511 |
| 2,231 | - | - | - | - | - | 8,356 |
| 328,184 | 57,931 | - | 1,190 | 3,728 | 406 | 41,297,391 |
| - | - | - | - | - | - | 7,613 |
| - | - | - | - | - | - | 33,151 |
| \$ 330,415 | \$ 57,931 | \$ - | \$ 1,190 | \$ 3,728 | \$ 406 | \$41,346,511 |

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|----------------------------|-------------------|-------------------|-----------------------------|
| County Recorder | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ - | \$ 683,518 | \$ 683,518 | \$ - |
| Accounts Receivable | 260 | 467 | 260 | 467 |
| Total Assets | <u>260</u> | <u>683,985</u> | <u>683,778</u> | <u>467</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 260 | 683,985 | 683,778 | 467 |
| Total Liabilities | <u>260</u> | <u>683,985</u> | <u>683,778</u> | <u>467</u> |
| County Sheriff | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 221,030 | 1,275,603 | 1,291,357 | 205,276 |
| Total Assets | <u>221,030</u> | <u>1,275,603</u> | <u>1,291,357</u> | <u>205,276</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 2,643 | 1,897 | 2,643 | 1,897 |
| Due to Other Governments | 218,387 | 1,273,706 | 1,288,714 | 203,379 |
| Total Liabilities | <u>221,030</u> | <u>1,275,603</u> | <u>1,291,357</u> | <u>205,276</u> |
| Agricultural Extension Education | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 2,335 | 252,447 | 252,049 | 2,733 |
| Future Property Tax | 247,616 | 254,741 | 247,616 | 254,741 |
| Total Assets | <u>249,951</u> | <u>507,188</u> | <u>499,665</u> | <u>257,474</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 249,951 | 507,188 | 499,665 | 257,474 |
| Total Liabilities | <u>249,951</u> | <u>507,188</u> | <u>499,665</u> | <u>257,474</u> |
| County Assessor | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 166,468 | 389,938 | 351,862 | 204,544 |
| Future Property Tax | 382,476 | 373,601 | 382,476 | 373,601 |
| Total Asset | <u>548,944</u> | <u>763,539</u> | <u>734,338</u> | <u>578,145</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 275 | 256 | 275 | 256 |
| Due to Other Governments | 529,512 | 747,643 | 714,906 | 562,249 |
| Compensated Absences | 19,157 | 15,640 | 19,157 | 15,640 |
| Total Liabilities | <u>\$ 548,944</u> | <u>\$ 763,539</u> | <u>\$ 734,338</u> | <u>\$ 578,145</u> |

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|-----------------------------|----------------------------|-------------------|-------------------|-----------------------------|
| Schools | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ 185,889 | \$ 19,498,519 | \$ 19,477,876 | \$ 206,532 |
| Property Tax Receivable | 19,179 | 17,588 | 19,179 | 17,588 |
| Future Property Tax | 19,471,402 | 20,562,095 | 19,471,402 | 20,562,095 |
| Total Assets | <u>19,676,470</u> | <u>40,078,202</u> | <u>38,968,457</u> | <u>20,786,215</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>19,676,470</u> | <u>40,078,202</u> | <u>38,968,457</u> | <u>20,786,215</u> |
| Total Liabilities | <u>19,676,470</u> | <u>40,078,202</u> | <u>38,968,457</u> | <u>20,786,215</u> |
| Area Schools | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 8,094 | 951,593 | 949,383 | 10,304 |
| Future Property Tax | 933,437 | 997,752 | 933,437 | 997,752 |
| Total Assets | <u>941,531</u> | <u>1,949,345</u> | <u>1,882,820</u> | <u>1,008,056</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>941,531</u> | <u>1,949,345</u> | <u>1,882,820</u> | <u>1,008,056</u> |
| Total Liabilities | <u>941,531</u> | <u>1,949,345</u> | <u>1,882,820</u> | <u>1,008,056</u> |
| Corporations | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 75,934 | 15,283,618 | 15,293,984 | 65,568 |
| Property Tax Receivable | 23,578 | 23,717 | 23,578 | 23,717 |
| Future Property Tax | 15,262,776 | 16,140,242 | 15,262,776 | 16,140,242 |
| Total Assets | <u>15,362,288</u> | <u>31,447,577</u> | <u>30,580,338</u> | <u>16,229,527</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>15,362,288</u> | <u>31,447,577</u> | <u>30,580,338</u> | <u>16,229,527</u> |
| Total Liabilities | <u>15,362,288</u> | <u>31,447,577</u> | <u>30,580,338</u> | <u>16,229,527</u> |
| Townships | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 4,239 | 350,743 | 349,853 | 5,129 |
| Future Property Tax | 350,437 | 354,244 | 350,437 | 354,244 |
| Total Assets | <u>354,676</u> | <u>704,987</u> | <u>700,290</u> | <u>359,373</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>354,676</u> | <u>704,987</u> | <u>700,290</u> | <u>359,373</u> |
| Total Liabilities | <u>\$ 354,676</u> | <u>\$ 704,987</u> | <u>\$ 700,290</u> | <u>\$ 359,373</u> |

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|--------------------------------------|----------------------------|-------------------|-------------------|-----------------------------|
| City Special Assessments | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ 2,721 | \$ 101,221 | \$ 99,498 | \$ 4,444 |
| Assessments Receivable | 80,281 | 79,385 | 80,281 | 79,385 |
| Total Assets | <u>83,002</u> | <u>180,606</u> | <u>179,779</u> | <u>83,829</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 83,002 | 180,606 | 179,779 | 83,829 |
| Total Liabilities | <u>83,002</u> | <u>180,606</u> | <u>179,779</u> | <u>83,829</u> |
| Auto License and Use Tax | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 739,219 | 10,212,871 | 10,140,823 | 811,267 |
| Total Assets | <u>739,219</u> | <u>10,212,871</u> | <u>10,140,823</u> | <u>811,267</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 739,219 | 10,212,871 | 10,140,823 | 811,267 |
| Total Liabilities | <u>739,219</u> | <u>10,212,871</u> | <u>10,140,823</u> | <u>811,267</u> |
| Tax In Advance | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 138,308 | 138,308 | 99,422 | 177,194 |
| Total Assets | <u>138,308</u> | <u>138,308</u> | <u>99,422</u> | <u>177,194</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 138,308 | 138,308 | 99,422 | 177,194 |
| Total Liabilities | <u>138,308</u> | <u>138,308</u> | <u>99,422</u> | <u>177,194</u> |
| Emergency Management Services | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 145,960 | 179,499 | 248,710 | 76,749 |
| Due from Other Governments | 25,601 | 97,424 | 25,601 | 97,424 |
| Total Assets | <u>171,561</u> | <u>276,923</u> | <u>274,311</u> | <u>174,173</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 162 | 3,377 | 162 | 3,377 |
| Salaries and Benefits Payable | 380 | 465 | 380 | 465 |
| Due to Other Governments | 169,144 | 270,941 | 271,894 | 168,191 |
| Compensated Absences | 1,875 | 2,140 | 1,875 | 2,140 |
| Total Liabilities | <u>\$ 171,561</u> | <u>\$ 276,923</u> | <u>\$ 274,311</u> | <u>\$ 174,173</u> |

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|----------------------------|-------------------|-------------------|-----------------------------|
| Brucellosis and Tuberculosis Eradication | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ 94 | \$ 4,546 | \$ 4,591 | \$ 49 |
| Future Property Tax | 4,458 | 4,763 | 4,458 | 4,763 |
| Total Assets | <u>4,552</u> | <u>9,309</u> | <u>9,049</u> | <u>4,812</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>4,552</u> | <u>9,309</u> | <u>9,049</u> | <u>4,812</u> |
| Total Liabilities | <u>4,552</u> | <u>9,309</u> | <u>9,049</u> | <u>4,812</u> |
| Public Safety Agency | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | <u>202,451</u> | <u>508,612</u> | <u>463,764</u> | <u>247,299</u> |
| Total Assets | <u>202,451</u> | <u>508,612</u> | <u>463,764</u> | <u>247,299</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 563 | 595 | 563 | 595 |
| Salaries and Benefits Payable | 6,919 | 7,148 | 6,919 | 7,148 |
| Due to Other Governments | 178,256 | 485,498 | 439,569 | 224,185 |
| Compensated Absences | <u>16,713</u> | <u>15,371</u> | <u>16,713</u> | <u>15,371</u> |
| Total Liabilities | <u>202,451</u> | <u>508,612</u> | <u>463,764</u> | <u>247,299</u> |
| Disposal Agency | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | <u>29,734</u> | <u>-</u> | <u>-</u> | <u>29,734</u> |
| Total Assets | <u>29,734</u> | <u>-</u> | <u>-</u> | <u>29,734</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | <u>29,734</u> | <u>-</u> | <u>-</u> | <u>29,734</u> |
| Total Liabilities | <u>29,734</u> | <u>-</u> | <u>-</u> | <u>29,734</u> |
| E-911 | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 165,815 | 288,247 | 189,976 | 264,086 |
| Accounts Receivable | 32,963 | - | 32,963 | - |
| Due from Other Governments | <u>22,463</u> | <u>66,329</u> | <u>22,463</u> | <u>66,329</u> |
| Total Assets | <u>221,241</u> | <u>354,576</u> | <u>245,402</u> | <u>330,415</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 309 | 2,231 | 309 | 2,231 |
| Due to Other Governments | <u>220,932</u> | <u>352,345</u> | <u>245,093</u> | <u>328,184</u> |
| Total Liabilities | <u>\$ 221,241</u> | <u>\$ 354,576</u> | <u>\$ 245,402</u> | <u>\$ 330,415</u> |

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|--|----------------------------|------------------|------------------|-----------------------------|
| Early Childhood Iowa Area Board | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ 29,400 | \$ 677,865 | \$ 649,334 | \$ 57,931 |
| Total Assets | <u>29,400</u> | <u>677,865</u> | <u>649,334</u> | <u>57,931</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 19,781 | - | 19,781 | - |
| Due to Other Governments | 8,978 | 677,865 | 628,912 | 57,931 |
| Salaries and Benefits Payable | 641 | - | 641 | - |
| Total Liabilities | <u>29,400</u> | <u>677,865</u> | <u>649,334</u> | <u>57,931</u> |
| Treasurer's Trust Fund | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | - | 109,010 | 109,010 | - |
| Total Assets | <u>-</u> | <u>109,010</u> | <u>109,010</u> | <u>-</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | - | 109,010 | 109,010 | - |
| Total Liabilities | <u>-</u> | <u>109,010</u> | <u>109,010</u> | <u>-</u> |
| Recorder E-Commerce | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 1,290 | 6,518 | 6,618 | 1,190 |
| Total Assets | <u>1,290</u> | <u>6,518</u> | <u>6,618</u> | <u>1,190</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | 1,290 | 6,518 | 6,618 | 1,190 |
| Total Liabilities | <u>1,290</u> | <u>6,518</u> | <u>6,618</u> | <u>1,190</u> |
| Flexible Benefits | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 1,652 | 65,245 | 63,169 | 3,728 |
| Accounts Receivable | 9,208 | - | 9,208 | - |
| Total Assets | <u>10,860</u> | <u>65,245</u> | <u>72,377</u> | <u>3,728</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 10,860 | - | 10,860 | - |
| Due to Other Governments | - | 65,245 | 61,517 | 3,728 |
| Total Liabilities | <u>\$ 10,860</u> | <u>\$ 65,245</u> | <u>\$ 72,377</u> | <u>\$ 3,728</u> |

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|-------------------------------|----------------------------|----------------------|----------------------|-----------------------------|
| Condemnations | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | \$ - | \$ 500 | \$ 94 | \$ 406 |
| Total Assets | <u>-</u> | <u>500</u> | <u>94</u> | <u>406</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | - | 500 | 94 | 406 |
| Total Liabilities | <u>-</u> | <u>500</u> | <u>94</u> | <u>406</u> |
| Total All Agency Funds | | | | |
| <u>Assets</u> | | | | |
| Cash and Pooled Investments | 2,120,633 | 50,978,421 | 50,724,891 | 2,374,163 |
| Receivables: | | | | |
| Property Tax | 42,757 | 41,305 | 42,757 | 41,305 |
| Future Property Tax | 36,652,602 | 38,687,438 | 36,652,602 | 38,687,438 |
| Accounts | 42,431 | 467 | 42,431 | 467 |
| Assessments | 80,281 | 79,385 | 80,281 | 79,385 |
| Due from Other Governments | 48,064 | 163,753 | 48,064 | 163,753 |
| Total Assets | <u>38,986,768</u> | <u>89,950,769</u> | <u>87,591,026</u> | <u>41,346,511</u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | 34,593 | 8,356 | 34,593 | 8,356 |
| Due to Other Governments | 38,906,490 | 89,901,649 | 87,510,748 | 41,297,391 |
| Salaries and Benefits Payable | 7,940 | 7,613 | 7,940 | 7,613 |
| Compensated Absences | 37,745 | 33,151 | 37,745 | 33,151 |
| Total Liabilities | <u>\$ 38,986,768</u> | <u>\$ 89,950,769</u> | <u>\$ 87,591,026</u> | <u>\$ 41,346,511</u> |

SIOUX COUNTY, IOWA

**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Last Ten Years**

| | Modified Accrual Basis of Accounting | | | | |
|--------------------------------------|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Revenue: | | | | | |
| Property and other county tax | \$ 9,825,942 | \$ 9,650,060 | \$ 9,339,404 | \$ 9,066,719 | \$ 8,683,160 |
| Interest and penalty on property tax | 60,453 | 61,062 | 70,302 | 64,507 | 68,516 |
| Intergovernmental | 7,303,694 | 6,341,323 | 7,188,347 | 8,558,494 | 8,413,783 |
| Licenses and permits | 15,785 | 16,450 | 15,460 | 11,485 | 11,300 |
| Charges for services | 857,217 | 888,987 | 856,712 | 775,739 | 777,488 |
| Use of money and property | 142,258 | 190,165 | 287,270 | 324,764 | 380,729 |
| Miscellaneous | 513,095 | 377,265 | 426,716 | 436,669 | 288,627 |
| Total Revenue | 18,718,444 | 17,525,312 | 18,184,211 | 19,238,377 | 18,623,603 |
| Expenditures: | | | | | |
| Current operating: | | | | | |
| Public safety and legal services | 4,156,068 | 3,923,413 | 3,838,745 | 3,755,661 | 3,627,043 |
| Physical health and social services | 581,266 | 656,287 | 564,555 | 1,422,596 | 1,598,101 |
| Mental health | 901,600 | 936,553 | 3,131,499 | 2,219,276 | 2,209,116 |
| County environment and education | 1,188,404 | 1,106,852 | 1,202,094 | 6,012,662 | 982,492 |
| Roads and transportation | 5,758,887 | 5,303,166 | 5,859,605 | 55,000 | 5,659,467 |
| Government services to residents | 1,006,617 | 722,556 | 810,295 | 737,073 | 703,160 |
| Administration | 1,922,567 | 1,816,554 | 1,751,976 | 1,808,074 | 1,711,275 |
| Non-program services | 37,156 | 28,242 | 55,818 | 29,905 | 32,167 |
| Capital projects | 2,540,139 | 1,777,524 | 1,850,354 | 1,417,750 | 1,214,794 |
| Debt service | 952,683 | 949,972 | 1,107,032 | 1,023,859 | 1,022,291 |
| Total | \$ 19,045,387 | \$ 17,221,119 | \$ 20,171,973 | \$ 18,481,856 | \$ 18,759,906 |

| Modified Accrual Basis of Accounting | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 8,190,447 | \$ 8,263,411 | \$ 8,057,588 | \$ 7,644,707 | \$ 6,143,980 |
| 50,584 | 42,897 | 36,091 | 37,104 | 33,112 |
| 9,044,854 | 8,489,666 | 7,730,963 | 7,901,142 | 7,713,338 |
| 9,545 | 8,620 | 6,765 | 6,055 | 5,175 |
| 814,345 | 764,009 | 742,796 | 699,440 | 777,224 |
| 574,171 | 877,259 | 735,537 | 518,913 | 323,391 |
| 281,838 | 448,403 | 329,028 | 286,407 | 210,448 |
| 18,965,784 | 18,894,265 | 17,638,768 | 17,093,768 | 15,206,668 |
| 3,485,693 | 3,299,671 | 3,219,043 | 3,126,912 | 3,147,273 |
| 1,690,163 | 1,796,148 | 1,626,213 | 1,042,077 | 990,082 |
| 2,369,247 | 2,512,673 | 2,498,244 | 2,260,765 | 2,170,728 |
| 802,725 | 828,358 | 691,064 | 692,525 | 623,028 |
| 4,497,799 | 5,367,095 | 4,228,892 | 4,526,135 | 3,962,119 |
| 688,163 | 653,742 | 678,940 | 879,206 | 842,863 |
| 1,818,582 | 1,658,726 | 1,535,609 | 1,580,779 | 1,525,308 |
| 30,987 | 34,327 | 30,618 | 24,175 | 19,498 |
| 6,153,935 | 10,840,840 | 2,040,586 | 1,495,322 | 1,756,346 |
| 873,411 | 715,927 | 509,805 | 474,141 | 473,816 |
| \$ 22,410,705 | \$ 27,707,507 | \$ 17,059,014 | \$ 16,102,037 | \$ 15,511,061 |

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Noncompliance

No matters were reported.

There were no prior year audit findings.

Material Weakness

II-A-14: Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified in the County's financial statements.

Response – We will review transactions in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted

Part III: Other Findings Related to Required Statutory Reporting

III-A-14 Certified Budget – Disbursements for the year ended June 30, 2014 exceeded the amount budgeted for county environment and education, government services to residents, administration, non-program services and debt service functions.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required.

Conclusion – Response accepted.

III-B-14 Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

III-C-14 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2014

Part III: Other Findings Related to Required Statutory Reporting - Continued

- III-D-14** Business Transactions – Business transactions between the County and County officials and/or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction/Description</u> | <u>Amount</u> |
|---|--------------------------------|---------------|
| VanMaanen's Radio Shack, Owned by father of IT employee Micah VanMaanen | Supplies, Licensing Contract | \$ 23,278 (1) |
| Walter Media, Owned by son of employee Shane Walters | Advertising Supplies | 1,895 (1) |

- (1) This transaction may represent a conflict of interest and the County should contact legal council for determination as per Chapter 331.342 (j) of the Code of Iowa. Per County management it was noted that the County's board did approve the transactions.

- III-E-14** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- III-F-14** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

- III-G-14** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- III-H-14** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.

- III-I-14** Board Minutes – No transactions were found that we believe should have been approved in the board minutes but were not.

SIOUX COUNTY
Schedule of Findings
Year Ended June 30, 2014

Part III: Other Findings Related to Required Statutory Reporting - Continued

III-J-14 Emergency Management Certified Budget – Disbursements for the year ended June 30, 2014 exceeded the amount budgeted.

Recommendation – The budgets should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budgets when required in the future.

Conclusion – Response accepted.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Sioux County, Iowa

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information of Sioux County, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sioux County, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sioux County, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item II-A-14 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sioux County, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit

of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sioux County, Iowa's Response to Findings

Sioux County, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. Sioux County, Iowa's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
February 16, 2015